

Exhibit F



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Lynn Shapiro Starr  
Vice President  
Regulatory Affairs

March 8, 1999

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

RECEIVED

MAR 8 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: **Ex Parte Statement**  
CC Docket 98-141

Dear Ms. Salas:

On March 5, 1999, Tom Reiman, Senior Vice President - Public Policy for Ameritech, Zeke Robertson, Senior Vice President - FCC for SBC, and I attended the FCC's Local and State Government Advisory Committee meeting ("LSGAC") at LSGAC's invitation.

Ameritech and SBC were invited to make a presentation concerning their proposed merger. The substance of the presentation is reflected in the attached document.

Should any questions arise in connection with this notice, kindly contact the undersigned.

Sincerely,

Attachment

cc: Rosalind Allen, OPP  
Kenneth Fellman, Chair, LSGAC  
Zeke Robertson, SBC

No. of Copies rec'd 072  
List A B C D E

**Outline of SBC Communications Inc.  
March 5, 1999 Presentation to  
FCC Local and State Government Advisory Committee**

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**I. Why Merger Is Necessary**

**A. Change:** The telecommunications market is changing rapidly and fundamentally.

1. ***Fundamental shifts in regulation:*** Across the United States (and in the rest of the world), the exclusive telephone franchise has been eliminated. In reaction, there is a new competitive marketplace.
2. ***Globalization of all major markets:*** On both the supply and demand side, telecommunications is fast becoming a global marketplace. Major U.S. corporations will either meet the globalization challenge successfully or surrender their competitive positions to others that meet it better.
3. ***Rapid evolution of customer demand for seamless, bundled, end-to-end service:*** Not only is demand itself growing (at double and triple-digit rates), customers of every size are now seeking bundled services and single-source providers.
4. ***Increasingly strong economies of scope and scale:*** The economies of scale and scope of network industries, always powerful, are growing stronger as the infrastructure of telecommunications networks becomes more dependent on computer technology, software and the overall management of technical know-how and marketing knowledge.

**B. Competition:** SBC and Ameritech's competitors see these same changes, and are responding as we are.

1. The MCI/WorldCom/MFS/Brooks Fiber/UUNet conglomerate just completed its fourth major acquisition in less than three years. In nationwide and worldwide advertisements, MCI WorldCom declares that it now stands *alone* in its ability to offer a fully integrated, end-to-end package of services over a single global network.
2. AT&T followed up on its acquisitions of McCaw and Teleport (TCG) with acquisitions of TCI and Vanguard Cellular, announced a joint venture with BT and recently announced a deal with Time Warner to provide telephony over cable.

3. Sprint has forged an alliance with France Telecom and Deutsche Telecom and is rolling out its Integrated On-Demand Network (ION) nationwide and asserts that it "is [the] first to deliver to businesses [a] single network for voice, data and video."
4. Bell Atlantic is seeking to merger with GTE.
5. CLECs boast of their services: Teligent serves 19 markets and has 40 slated by year's end; Frontier proclaims that it has "one of the largest footprints in the industry, offering integrated local, long distance and data services to approximately 70 percent of the U.S. business population."

C. **SBC and Ameritech Must Respond to The Forces Reshaping the Telecommunications Industry:** SBC and Ameritech's decision to join forces in order to be able to pursue their National-Local and global strategy (described in Section II below) responds to the same forces that are reshaping every major player in the industry. In our business judgment, the best interests of our customers, employees and shareholders cannot be advanced — cannot even be protected — by a strategy of trying to stand still as a stay-at-home regional player.

D. **SBC and Ameritech Need to Retain a Critical User Base:** It is critical for us to be able to compete for those customers who are responsible for a very large and disproportionate share of telecommunications revenues. We are, and will be, able to provide low-cost, universal service to residential users over state-of-the-art networks only to the extent those networks continue to be shared with anchor business tenants. We must engage in the National-Local Strategy (described in Section II) to retain these customers.

1. Neither SBC nor Ameritech can compete for customers who want national and global service if they continue to be regional carriers.
2. Our competitors have responded to this need to compete for customers interested in national and global services — primarily via acquisitions (*e.g.*, WorldCom/MCI/MFS/Brooks/UUNet, AT&T/TCG/TCI)
3. SBC must respond accordingly (*i.e.*, through the combination of resources this merger represents)

## II. Benefits of Merger

### A. **More Jobs and Money for Local Economies**

1. **Money for Local Economies:** Over 10 years, SBC plans on spending over \$23 billion dollars on the new competitive ventures.

2. **More Jobs:** Within 10 years, over 8,000 new SBC employees will be engaged full-time in out-of-region competition. (3,000 new jobs have been created in California since the close of that merger. Employee benefits have increased as well, including stock options and matching contributions to employee savings plan.)

Moreover, both the Communications Workers of America and the International Brotherhood of Electrical Workers strongly support the merger.

3. **Overall Local Benefits:** The merger of SBC and Ameritech will benefit local economies throughout the new SBC's service area. The strength and resources of the combined company will permit investment in an expanded range of new and enhanced services, which will result in increased local spending, the addition of new jobs and a resulting increase to the local tax base. An overriding benefit to in-region ratepayers will be the ability of the new SBC to compete successfully to retain multi-location business customers, and thereby avoid losses of high volume customers. Such losses can lead to disinvestment and/or rate increases in order to cover fixed costs.

**B. Local Competition: The National-Local Strategy**

1. **Local Competition by SBC:** Through its National-Local Strategy, SBC/Ameritech will execute an unprecedented plan to compete with incumbent local exchange carriers — and provide a competitive market for the provision of local telephone service.
  - a. **SBC Will Enter at Least 30 Markets, Creating Competition for Tens of Millions of Residences and Businesses in all Major Incumbent LEC Territories:** The combined SBC/Ameritech will provide competitive local service in at least 30 local markets outside the present SBC and Ameritech regions. (SBC's current plans contemplate installing facilities in most of these markets within 1.5 years of closing and fiber within 2 years. We are also considering adding markets over the first 30.) The 30 markets we plan to enter contain 70 million people and 18 million business lines. (SBC will enter markets representing 70 percent of Bell Atlantic's business lines, 60 percent of US West's business lines and 50 percent of BellSouth's business lines, and we are already positioned to challenge 40 to 50 percent of GTE's business lines (in California and Texas).)

NOTE: In the proposed Ohio agreement, SBC has committed to compete (for at least 3 years) in four Ohio markets where Ameritech does not currently provide service:

Cincinnati, Lebanon/Mason, Hudson/Twinburg and Delaware. This adds at least 3 more markets.

- b. SBC Will Compete for Residential Customers (and Small Businesses), Not Just Large Business Customers: SBC will compete not only for large business customers, as many companies now do, but also for medium-sized and small business — *and, most importantly, residential customers.* Moreover, SBC's residential competition will benefit consumers across all income groups — high, medium and low income. SBC's information shows that the percentage of low-income customers who are high users of telecommunications services is essentially the same as the percentage of high-income customers who are high users of telecommunications services. It also shows that low-income residential customers are physically proximate to the facilities of the large and mid-size business customers that are necessarily a major cornerstone of the National-Local Strategy. Thus, low-income residential consumers can readily be served through a combination of existing facilities and the expanded facilities SBC plans to deploy in the 30 new markets it will be entering. The installation of switches, fiber and other facilities to serve large and mid-size customers in those 30 markets can and will enable SBC readily to provide service to residential customers, including low-income and minority customers.

- c. There Will Be Significant Financial and Service Benefits for Consumers: If this competition reduces local service rates in the 30 markets by even one percent, small businesses and residential households *alone* would save approximately \$118 million annually, with over half of the savings realized by residential customers. The merger will also make the long distance and bundled markets more competitive.

2. **Local Competition in SBC and Ameritech Regions:** SBC's entry into other carriers' territories should cause these carriers to compete in SBC's region, in order to maintain their business customers. When we make mass market customers a pillar of our competitive strategy, our competitors will have to follow suit or risk losing that large additional pool of revenue. AT&T and TCI announced their plan to merge soon after ours; Bell Atlantic and GTE followed soon after that. Both informed the Commission that through their mergers they would intensify their efforts to compete in SBC and Ameritech's regions.

- C. **Better Services for Customers:** The merger will enhance SBC's ability to innovate, compete and improve our products and services in the 13 states SBC and Ameritech already service.

1. **Faster Deployment of Advanced Services:** New services will move through research and development and into customers' homes much faster and more economically. SBC is also strongly committed to the deployment of DSL, which will compete with cable to supply residences and businesses with high-speed Internet access.

After the merger, Ameritech customers will also benefit from Ameritech's access to the resources, services and information of SBC's advanced services research and development subsidiary, TRI, which has over 300 employees. Ameritech has no equivalent subsidiary.

2. **More Advanced Services:** Services that currently go undeveloped because of high start-up costs will roll out to customers because the larger number of potential users for such services will support higher research, development and upfront costs.
3. **Better Services:** With geographic expansion, SBC will link customer service centers, providing more personnel to handle requests and shorter response times. SBC will also be able to enhance its multilingual customer support.
4. **Investment in Network:** SBC's ability to retain large customers through its National-Local Strategy will allow it to maintain its strong investment in its overall network.

- D. **Economic Benefits to Company:** There will be benefits such as (1) procurement savings, (2) consolidation efficiencies (marketing, business development and planning and real estate) and (3) implementation of best practices.

The benefits will accrue to the combined company's existing network and customer base (enhance and expand services to existing customers) and allow for investments in new local markets.

- E. **New International Entry (and Strategic Asset):** SBC will extend its networks to follow its large customers into international markets. SBC plans to enter 14 major foreign local markets after the merger (and these plans call for 3,500 new employees). This will provide direct benefits to U.S. companies doing business overseas; will facilitate international trade; and will improve United States competitiveness. Moreover, benefits will be brought to the foreign country: better quality of life; ability to better unify economy; ability to allow greater participation in global economy; increased efficiencies in economic production and distribution; and improved services (including

emergency services).

Moreover, telecommunications has long been recognized as a strategic asset for U.S. national and international interests, and the merger will serve the national interest by adding one more viable U.S. player to a small group of contenders that can seriously aim to compete on the global scale.

- F. **Past Experience Show Benefits Will Occur (Benefits of Telesis Merger):** The SBC/Pacific Telesis merger has resulted in improved service, the introduction of new products, the improvement of networks and approximately 3,000 net new jobs in California since the close of the merger. Local service prices have not increased; repair times have reduced an average of 60 percent; repair and business office answering times have improved significantly; and SBC has introduced a host of new services (such as Caller ID with name delivery, on-demand features (such as pay-per-use three-way calling) and enhanced Internet services with lower ISDN rates).

III. **Merger is Necessary in Order to Realize All of these Benefits**

- A. **Personnel Resources:** Neither SBC nor Ameritech alone has the management depth to implement the National-Local Strategy. Moreover, it is difficult to find employees now, with low unemployment and high demand for telecommunications personnel. The National-Local Strategy requires 8,000 employees and there are 2,500 unfilled SBC management openings today.

SBC alone would have to devote 16 percent of its managers; Ameritech alone would have to devote 36 percent of its managers. Together, they need devote only 8 percent of their managers for the National-Local Strategy.

- B. **Risk:** Entering so many markets would be too risky for either company individually. The merger allows the costs of the Strategy, and the attendant earnings impact, to be spread over a much larger customer and shareholder base. Established companies like SBC and Ameritech are valued by financial markets based on their earnings performance, and neither alone would accept the earnings dilution that would accompany implementation of the plan.
- C. **International Competition:** Neither SBC nor Ameritech individually can now effectively compete for large business customers with the larger European and Japanese telecommunications companies in their home countries. Moreover, such foreign carriers with enormous resources will soon be among those vying to serve the high-growth, high-profit telecommunications market of multinational corporations.
- D. **Need Bigger Base; There Is No Sense in Trying Something Smaller:** It doesn't make business sense for either SBC or Ameritech on its own to try a national-local strategy on a more incremental basis, entering fewer markets more slowly. The success of the new strategy pivots on economies of scale



and scope and a rapid national and global reach. Moreover, starting from a smaller base would increase the cost and risk of the strategy prohibitively. It also would increase the number of markets which would need to be entered and decrease the customer base to follow into new markets.

The critical base of customers with national and global operations will not give their business to providers who offer service in just a few markets, with a promise of more to come at some distant date down the road. Carriers (SBC) need to reach a critical mass of customers to follow and be able to offer a critical mass (percentage) of their services.

#### IV. Widespread and Diverse Support for Merger

- A. **Ameritech's Cable Jurisdictions:** SBC and Ameritech have filed Form 394 cable applications seeking consent to the SBC-Ameritech transaction in over 80 jurisdictions where Ameritech New Media (an Ameritech subsidiary) holds cable franchises. Not a single such jurisdiction has rejected the application. In fact, to date, over 70 of the 83 jurisdictions which received the Form 394 application have approved it, either through an explicit resolution or ordinance or through expiration of the 120-day limit established by the Communications Act and FCC rules, and almost all of the ANM franchise agreements granted since the Form 394s were filed with other jurisdictions contain provisions which preapprove the transaction.

B. **State and Federal Officials**

Letters of support were also filed by a number of state and federal legislators and government officials:

- Wisconsin state representatives Jeff Plale; Antonio R. Riley; Tim Hoven (Chairman of the Wisconsin State Assembly Utilities Oversight Committee); Steven Foti (majority leader).
- Illinois state representatives Shirley M. Jones (Chairperson of the Illinois House Public Utilities Committee) Jay Ackerman (minority spokesman and former Chair of the Illinois House Public Utilities Committee), Bruce A. Farley; Illinois State Senator William F. Mahar (chairman of the Illinois Senate and Environment Committee)

Illinois Secretary of State George H. Ryan

- U.S. Representative Jim Barcia (Mich.)

- C. **Unions:** Labor groups like the CWA have supported the merger. In supporting the merger, CWA stated that the "merger will benefit both consumers and workers" and that "workers will benefit from the over 8,000 new, high-quality jobs that the merged company will create in entering new

markets." The merger is also supported by the International Brotherhood of Electrical Workers.

- D. **Rainbow/PUSH and NAACP Branches:** Rainbow/PUSH — a nationally recognized advocacy organization dedicated to equality and economic, moral and political empowerment for African-American citizens and traditionally underprivileged communities — endorsed the merger after a seven-month independent review. Rev. Jesse Jackson, leader of Rainbow/PUSH said the merger "promises to deliver the benefits of growth in the telecommunications industry to consumers, workers, small business and big business alike," adding, "[t]hese companies are truly concerned about implementing corporate practices that favor workers and consumers, create employment opportunities and foster small business growth."

Moreover, (1) the president of the Wisconsin State NAACP Conference of Branches, (2) the president of the Cleveland Branch NAACP, (3) the president of the Indianapolis Urban League, (4) the president of the Milwaukee Urban League, (5) the National Association of Commissions for Women, (6) the president of the Illinois State Conference of Branches of the NAACP, (7) the president of the League of United Latin American Citizens (the older and largest membership based Hispanic civil rights organization in the United States), and (8) the Illinois Association of Urban League Executives filed with the Commission letters expressing support for the merger

- E. **Corporations and Educational Institutions:** Corporations such as Abbott Labs, Amoco Production Co., Bank One, Compaq Computer Corp., Emerson Electric Co., Levi Strauss, Shell Oil Co., Travelers Group and the University of Illinois have written to the Commission in support of the merger.

V. **Next Steps**

A. **The Advisory Committee Should Promptly Support the Merger**

1. **Local Benefits:** As described previously, the merger provides strong benefits for local consumers (both residential and business customers), local workers and local economies.
2. **Maintains Strength of Companies and Infrastructure:** Moreover, the merger positions SBC and Ameritech to provide national and global services to anchor customers throughout the country, allowing the combined company to maintain its strong financial base and thereby invest in and improve the telecommunications infrastructure and services for all of its customers.
3. **Market Should Be Allowed to Decide:** The marketplace should be allowed to decide who the major national and global

telecommunications carriers will be, and SBC and Ameritech should be allowed to compete with carriers such as AT&T and MCI WorldCom. Through marketplace competition, the best services will be provided to customers.

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

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BY HAND DELIVERY

EX PARTE

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Portals II  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Application of SBC Communications, Inc. and  
Ameritech Corporation for Authority To Transfer  
Control of Certain Licenses and Authorizations, CC  
Docket No. 98-141 - Notice of Ex Parte Presentation

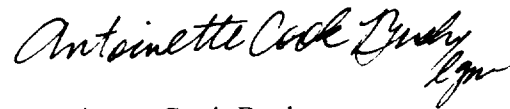
Dear Ms. Salas:

Pursuant to Section 1.1206(b) of the Commission's rules, Ameritech Corporation ("Ameritech") hereby submits this notice of an oral ex parte presentation in the above-referenced permit-but-disclose proceeding. On March 3, 1999, Lynn Starr of Ameritech and I met with Linda Kinney, Legal Advisor to Commissioner Ness, to discuss the proposed SBC/Ameritech merger. We reiterated that the proposed merger will enable the combined SBC/Ameritech to pursue the National-Local Strategy, which will result in numerous pro-competitive effects and substantial benefits for the both current and future customers. We also reiterated responses to benchmarking arguments contained in our pleadings in this docket and addressed issues related to long distance entry of the combined SBC/Ameritech. A copy of the written presentation that served as the basis for our discussion is attached.

Ms. Magalie Roman Salas  
March 4, 1999  
Page 2

Copies of this Notice of Ex Parte Presentation have been provided to Ms. Kinney. An original and one copy also have been submitted to the Secretary's Office.

Respectfully submitted,

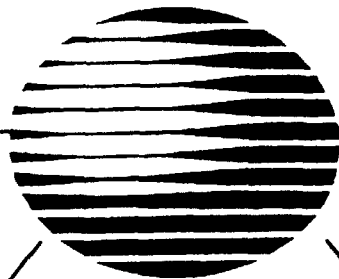
A handwritten signature in cursive script that reads "Antoinette Cook Bush". The signature is written in black ink and is positioned above the printed name.

Antoinette Cook Bush  
Counsel for Ameritech

Attachment

cc: Linda Kinney, Comm'r Ness's Office, FCC  
Lynn Starr, Ameritech  
Richard Hetke, Ameritech

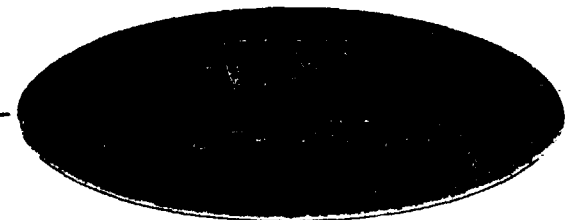
# The "New" AT&T



## AT&T



- \$5B acquisition from IBM
- 1M Internet customers
- Dedicated access in 900 cities/100 countries
- Presence in 93 of 100 Concert cities



- Largest L.D. company
- 100M access lines
- 63% of access lines
- 52% of L.D. revenues



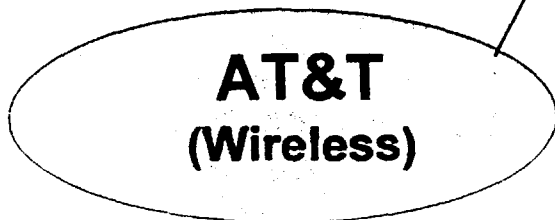
- Largest international alliance
- \$10B AT&T/BT joint venture
- Targets multinational firms
- 100 cities in U.S. + 237 countries



- 2nd largest U.S. cable TV company
- \$48B acquisition
- 26M direct and indirect cable TV customers
- Goal to reach 60% U.S. households
- @Home Internet access



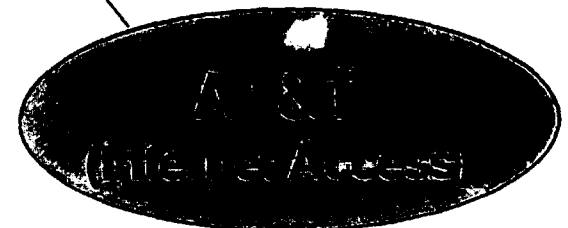
- Largest Alternative Local Access
- \$13B acquisition
- 83 major U.S. markets
- 20M customers



- U.S. Largest National Wireless Provider
- 9M+ customers nationwide
- 89 cities and 225M POPs
- 15% U.S. cellular market
- Covers 93% U.S. by license

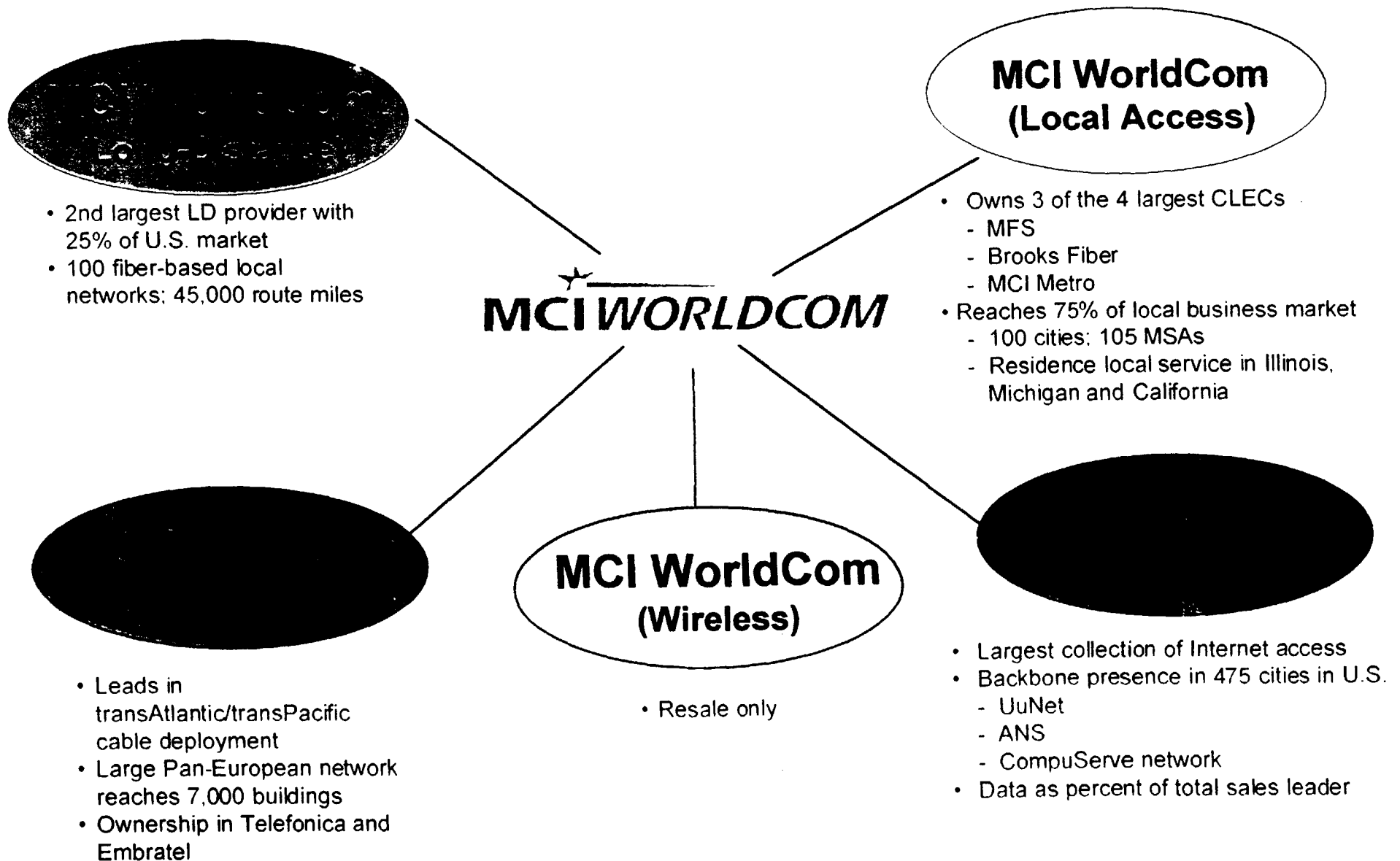


- Joint venture announced 2/99
- Largest U.S. cable TV company
- 33 states: 12.6M customers

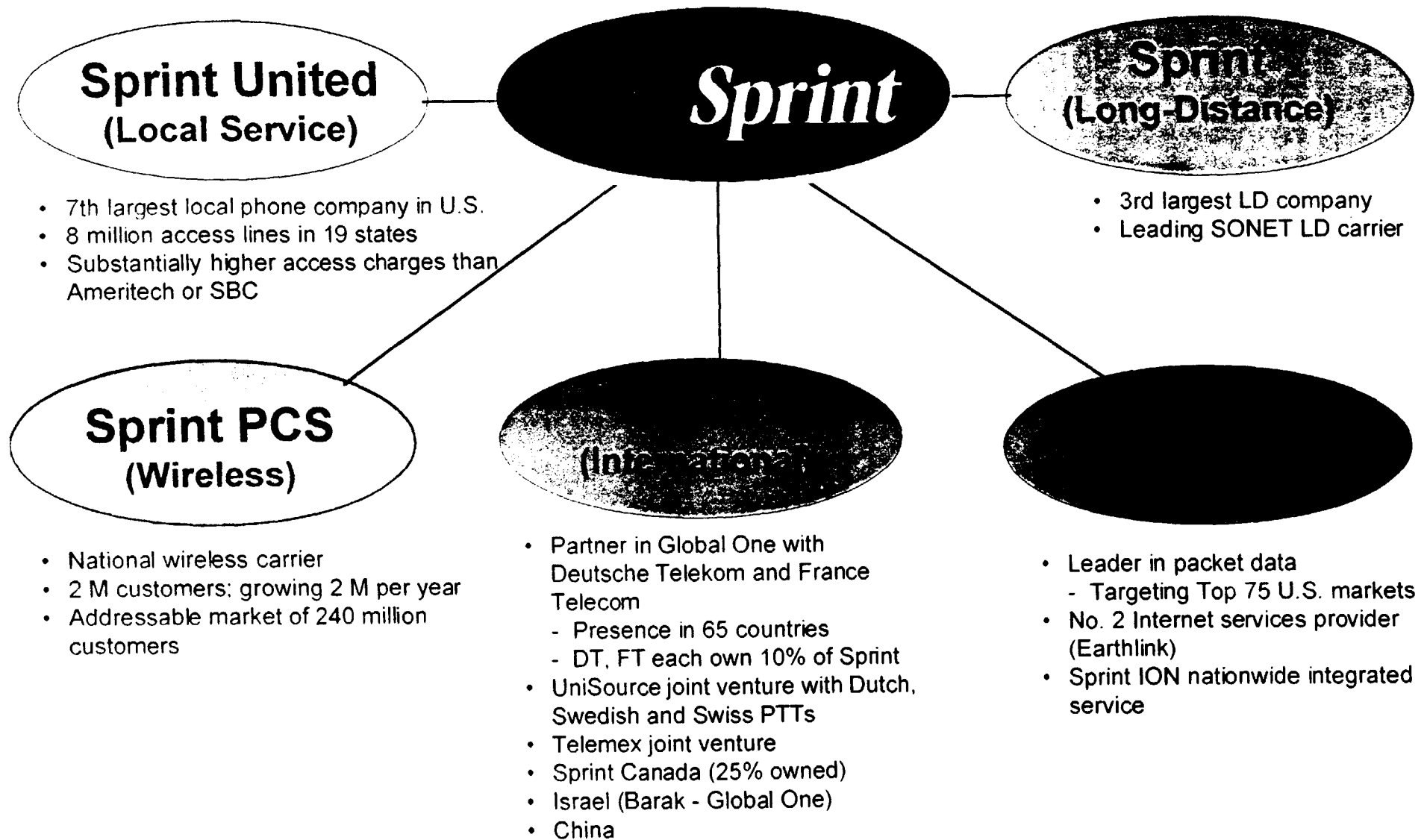


- Largest National Internet Service Provider
- 1.3 M direct customer
- Add 1 M IBM Global Internet customers
- National service footprint

# The "New" MCI WorldCom



# The "New" Sprint





# The "New" SBC/Ameritech

## Local Service

- 2nd largest local phone company in U.S.
  - 58.2M access lines in 13 states
- National-local strategy for Top 50 markets

## Wireless

- Nationwide cellular presence
  - In 9 of top 10 U.S. markets
- Serve combined 10.5 M customers
  - Within reach of half of U.S. population
- Pending acquisition of Comcast cellular
  - 850K customers

Ameritech®

SBC

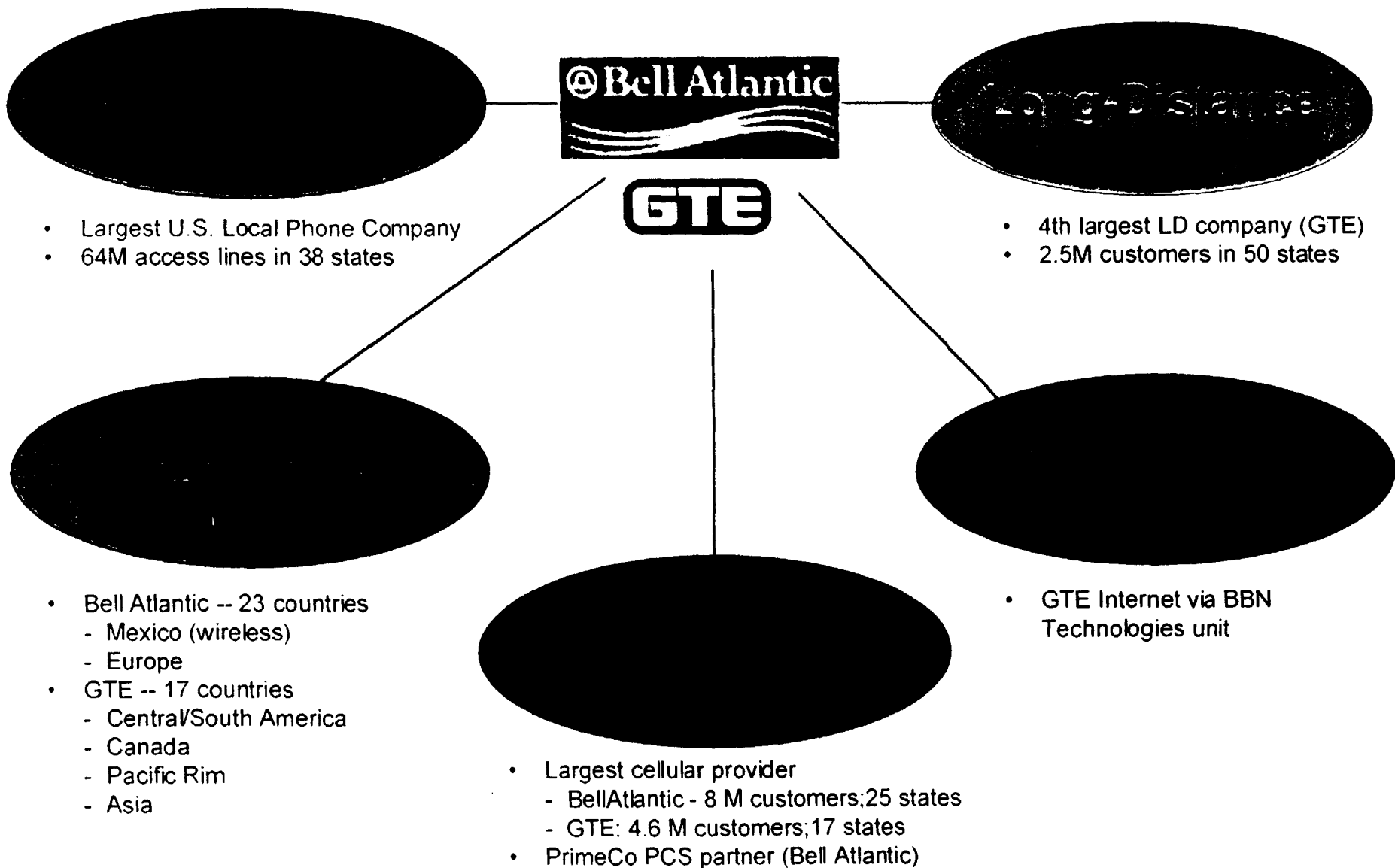
- AIT: Largest non-European telecom investor in Europe (more than \$10B total value) – 15 countries
- SBC: \$8B investment; 11 countries

- Ameritech is the industry's competitive cable system leader
- 95 franchises; 77 communities
- SBC has pledged to continue

- Largest ADSL Roll-out (SBC)
- Ameritech national backbone provider
  - Internet 1 and Internet 2

- Ameritech: 1.2 M customers in 50 states and Canada
- 2nd largest U.S. provider
- 92 of top 100 markets

# The "New" Bell Atlantic/GTE



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Ms. Magalie Roman Salas  
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Page 2

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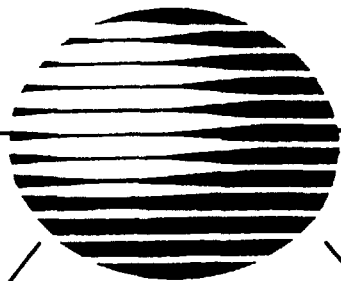
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Antoinette Cook Bush  
Counsel for Ameritech

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Richard Hetke, Ameritech

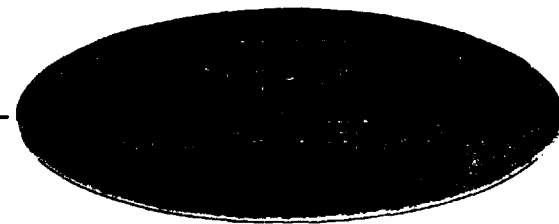
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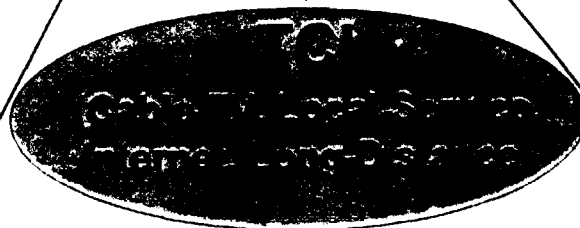
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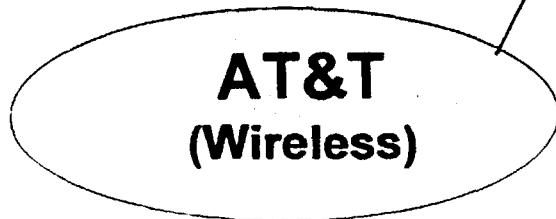
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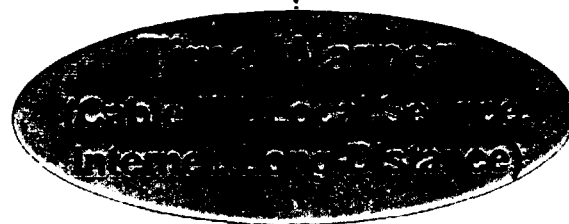
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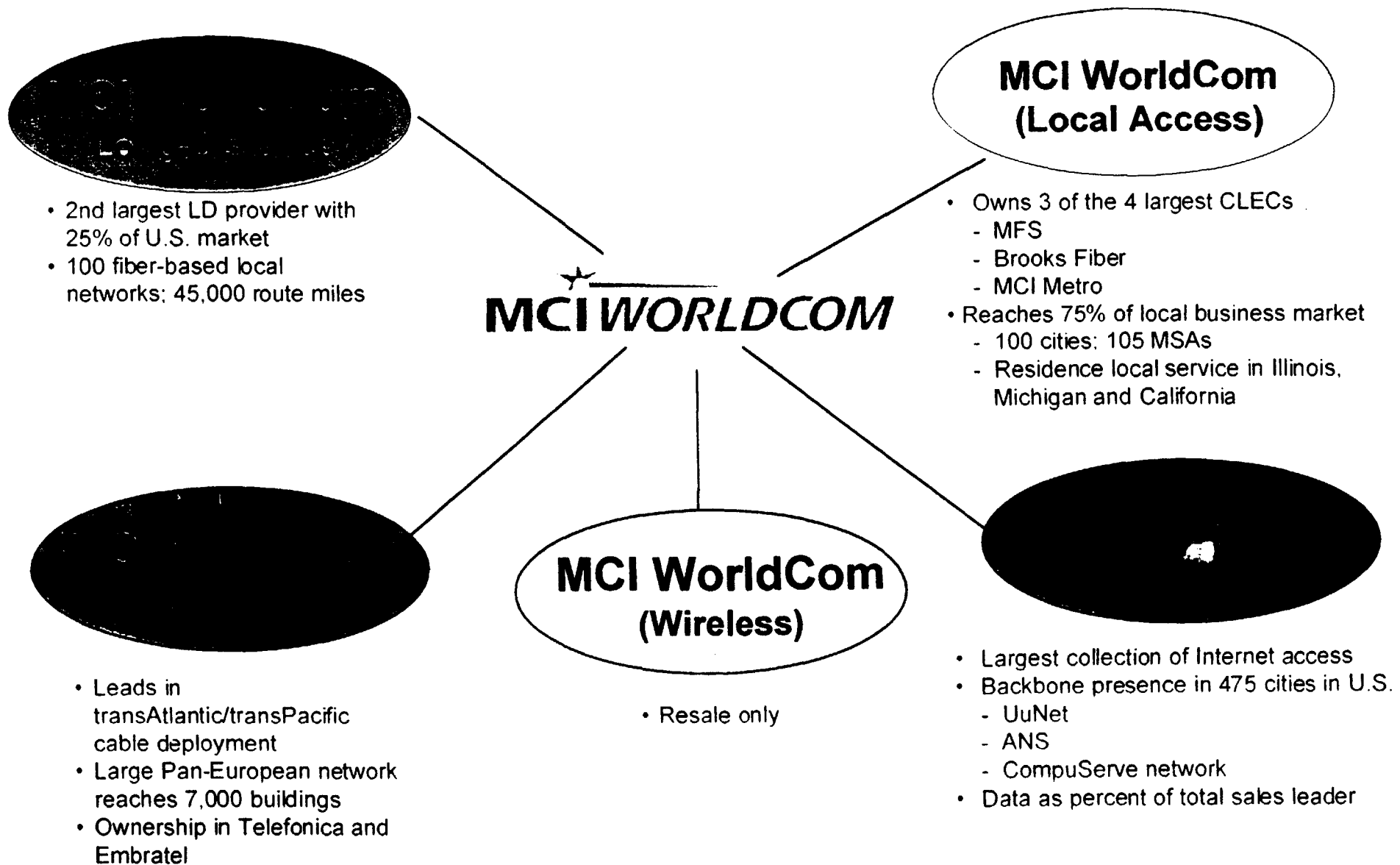


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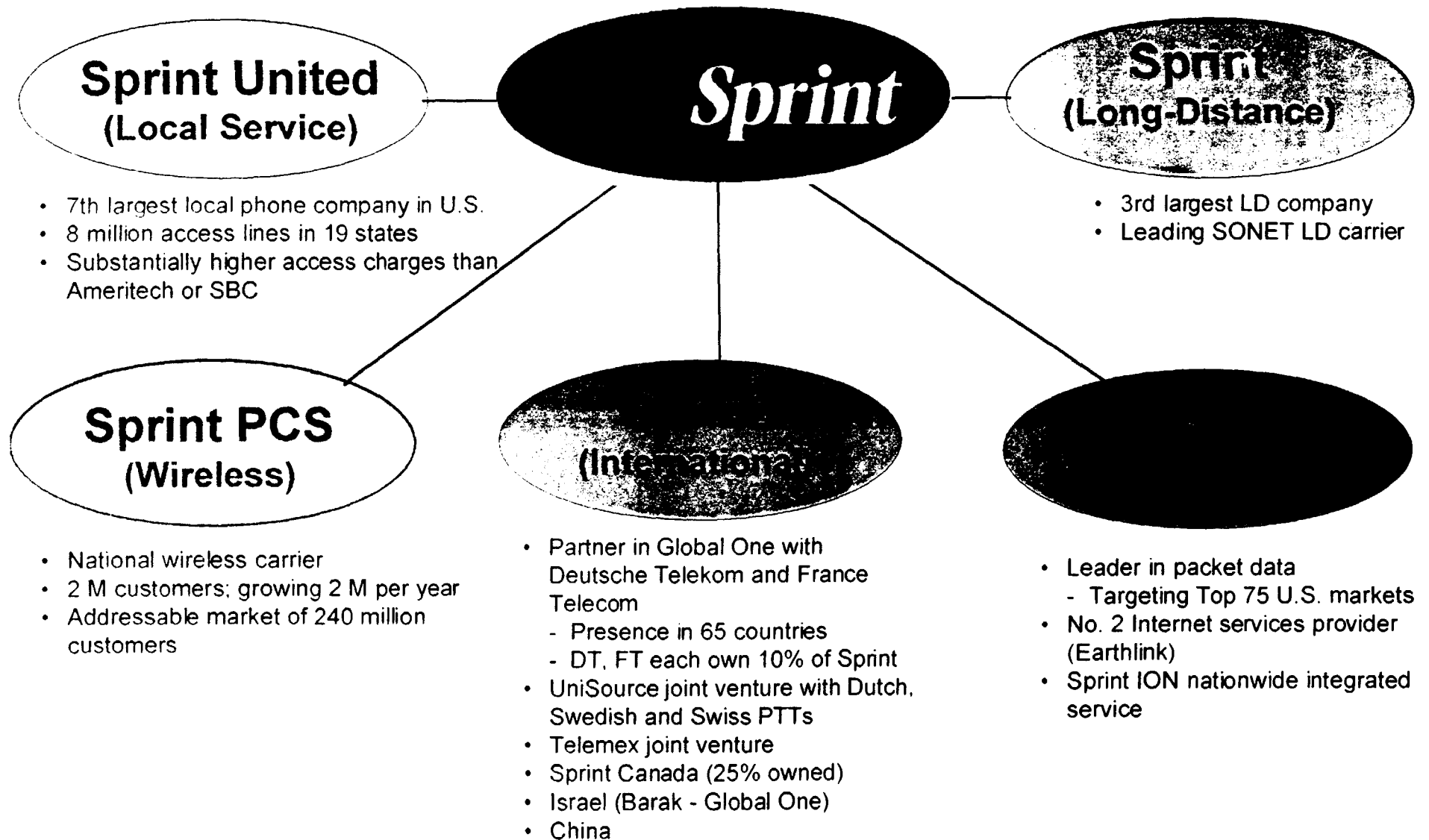


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- Add 1 M IBM Global Internet customers
- National service footprint

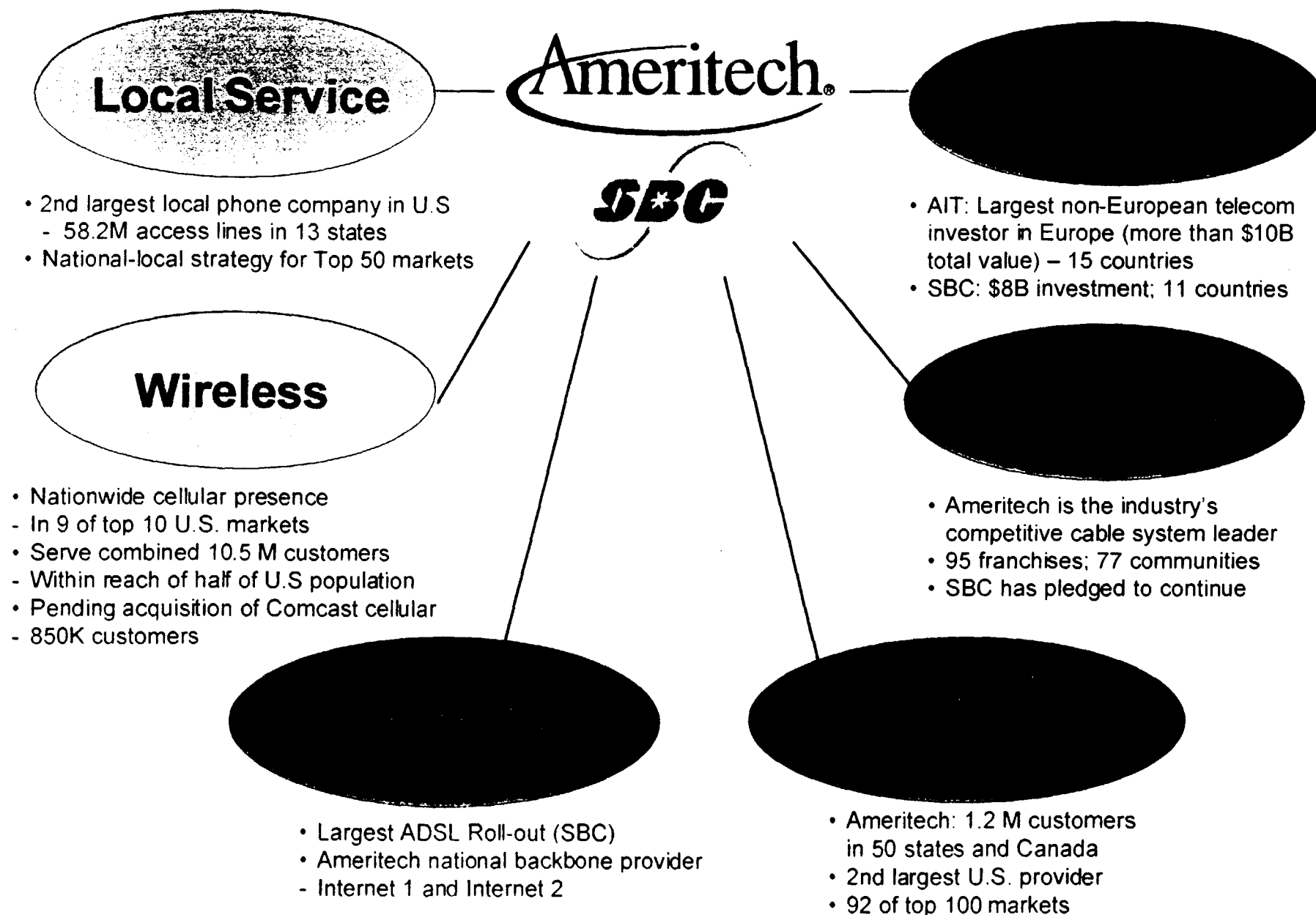
# The "New" MCI WorldCom



# The "New" Sprint

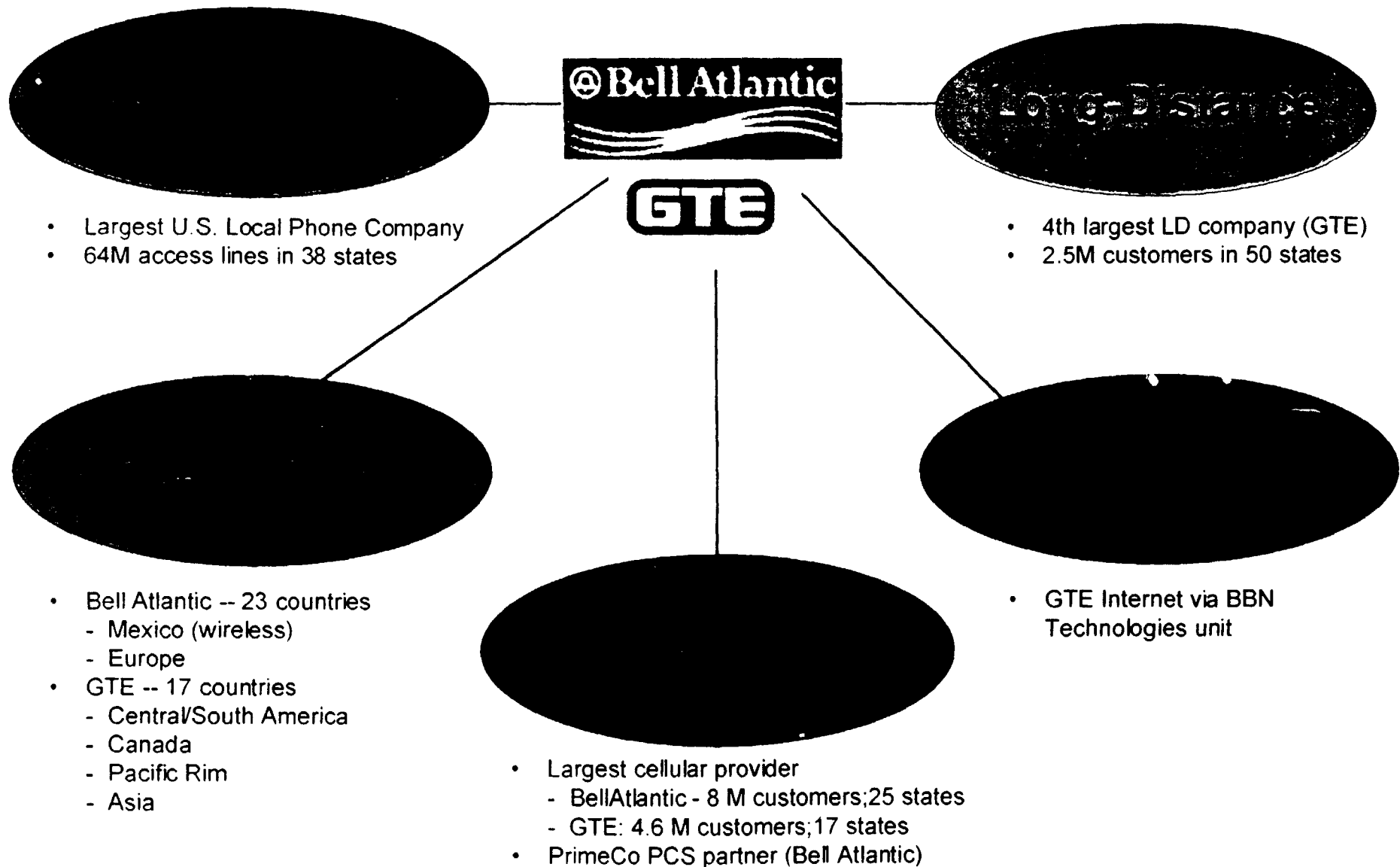


# The "New" SBC/Ameritech





# The "New" Bell Atlantic/GTE





Todd F. Silbergeld  
Director  
Federal Regulatory

SBC Communications Inc.  
1401 I Street, N.W.  
Suite 1100  
Washington, D.C. 20005  
Phone 202 528-8888  
Fax 202 408-4806

EX PARTE OR LATE FILED

February 24, 1999

**EX PARTE PRESENTATION**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Portals II Building  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

RECEIVED

FEB 24 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: *In the Matter of Applications for Transfer of Control to SBC  
Communications Inc. of Licenses and Authorizations Held by Ameritech  
Corporation, CC Docket No. 98-141*

Dear Ms. Salas:

Please be advised that the attached news release was sent yesterday by facsimile to the following individuals: Tom Power, Kevin Martin, Kyle Dixon, Paul Gallant, Linda Kinney, Tom Krattenmaker, Bill Rogerson, Rosalind Allen, Don Stockdale, Michelle Carey, and Bill Dever. The news release announces a proposed settlement regarding the merger between SBC Communications, Ameritech, the Staff of the Public Utility Commission of Ohio (PUCO), Ohio Consumers' Counsel, Time Warner Telecom, CoreComm, the Edgemont Neighborhood Coalition, and Parkview Areawide Seniors. The agreement, which must be approved by the PUCO, sets terms for approving the merger of SBC and Ameritech.

In accordance with the Commission's rules governing ex parte presentations, an original and two copies of this notification are provided herewith. Please call me directly should you have any questions.

Respectfully submitted,

*Todd F. Silbergeld*

Attachment

c: Recipients Indicated Above

cc: [unclear] 042



## News Release

RECEIVED

FEB 24 1999



**For More Information**

SBC Communications

Selim Bingol

Tel: 210-351-3991

Fax: 210-351-2191

Ameritech (corporate)

Lisa Kim

Tel: 312-220-2377

Fax: 312-578-1713

Ameritech Ohio

Kim Norris

Tel: 614-223-6626

Fax: 614-223-6296

### **PUCO Staff, Ohio Consumers' Counsel, Competitors Sign Proposed SBC-Ameritech Merger Settlement**

***Buckeye Consumers, Competition and Jobs  
are Potential Winners in Sweeping Proposal***

Columbus, Ohio (Feb. 23, 1999)—Ohio consumers will be the big winners in a proposed agreement that would freeze residential rates, guarantee job levels in Ohio, protect and enhance service quality and encourage increased telecommunications investment and competition throughout the state.

The agreement sets terms for approving the merger of the two telecommunications companies by the Public Utilities Commission of Ohio (PUCO), which would retain a strong enforcement role under the settlement. The supporting stipulating parties to the agreement recommend that the PUCO approve the proposed agreement without making any changes.

Explicit potential benefits for consumers include residential rates that will not increase for three years, while providing multi-million dollar customer credits and payments if service quality standards are not met. It would also guarantee job levels of Ameritech Ohio. In addition, the settlement would provide funding to create consumer education and technology programs.

MORE

## SBC-AMERITECH MERGER SETTLEMENT 2-2-2

With respect to competition, the proposal requires Ameritech to compete in four Ohio markets that it currently does not serve, giving customers there a new competitive alternative. And, to boost residential competition in Ameritech's current service area in Ohio, the agreement would establish the highest discount in the nation for resold residential local service and steep discounts for competitors that purchase network elements to provide facilities-based residential service. Multi-million dollar payments would also apply if certain competition objectives are not met.

Supporting stipulating parties to the agreement include the Staff of the Public Utilities Commission of Ohio, the Ohio Consumers' Counsel (OCC), the Edgemont Neighborhood Coalition, Parkview Areawide Seniors (a consumer group representing senior citizens in Northern Ohio), SBC Communications and Ameritech. Two new competitive providers of local service in Ohio, Time Warner Telecom and CoreComm also signed as Non-Opposing Stipulating parties. CoreComm is the largest provider of resold residential service in Ohio. CoreComm and Time Warner agreed not to oppose the merger in Ohio based on the PUCO's approval of the agreement.

"This is a culmination of a series of hard-fought negotiations that started in mid-December," said the OCC's Robert S. Tongren. "The result is a fair settlement which will benefit residential customers in Ohio. We believe this agreement promotes the public interest in Ohio. We recommend the PUCO approve the merger."

The proposed agreement required more than 100 hours of talks during 17 negotiating sessions. Highlights of the agreement, if approved by the PUCO, would include:

- Ameritech Ohio workforce levels must be at least as high two years after the merger as they are on either the day the PUCO approves the merger or the day the merger finally closes, whichever is greater.
- Rates for basic residential phone service will not increase. The current Advantage Ohio price cap plan will be extended until January 2002.
- Increased credits to customers if Ameritech Ohio fails to meet service commitments on appointments it makes with customers.

MORE

---

### SBC-AMERITECH MERGER SETTLEMENT 3-3-3

- The steepest discounts for resold local residential service in the nation and the first-ever discounted prices for unbundled residential loops, intended to foster facilities-based residential competition.
- Ameritech agreed to begin offering competitive local exchange service in 4 Ohio markets it currently does not serve—Cincinnati; Lebanon/Mason; Hudson/Twinsburg; and Delaware—further increasing local competition.
- Mandatory credits to Ohio consumers if Ameritech Ohio fails to meet strict service quality requirements for the three years following the merger.
- Mandatory payments to customers and competitors if competitive targets are not met.
- Mandatory payments to competitors if certain Operations Support System (OSS) performance measurements and standards are not implemented.
- Funding for a Consumer Education Fund, a Community Technology Fund, and the Community Computer Center Program and to maintain charitable and philanthropic contributions in Ohio.

“The settlement agreement reached with staff of the Public Utilities Commission of Ohio, Ohio’s Consumers’ Counsel and the Edgemont Neighborhood Coalition is the fruition of many weeks of hard negotiations,” said SBC Chairman and CEO Edward E. Whitacre Jr. “Through it all, the parties demonstrated a genuine commitment to Ohio consumers and professionalism toward both companies that we sincerely appreciate.”

“We hope the PUCO will act quickly on this settlement,” said Whitacre. “We are ready to move forward in meeting Ohio’s 21<sup>st</sup> Century telecommunications needs.”

“The PUCO staff, the OCC and the Edgemont Neighborhood Coalition recognize that the SBC/Ameritech merger will deliver growth and consumer benefits in Ohio,” said Richard C. Notebaert, Chairman and Chief Executive Officer of Ameritech.

MORE

SBC-AMERITECH MERGER SETTLEMENT 4-4-4

"They also recognize that Ohio should not be left behind as telecommunications becomes increasingly national and global," Notebaert added. "The settlement reflects that we are strongly committed to growth, to service quality, and to facilities-based competition. These parties have correctly balanced the needs of customers, employees and competitors to reach a fair settlement that's positive for the future of communications in Ohio."

Ellis Jacobs of the Legal Aid Society of Dayton, attorney for the Edgemont Neighborhood Coalition said, "There is a growing division between information haves and have nots in our society. This agreement contains important provisions that are aimed at beginning to overcome that divide." The Edgemont Neighborhood Coalition is a community organization in a low income African American neighborhood in Dayton which for years has strongly represented the interests of low-income residents before the PUCO.

A status conference on the settlement is scheduled for later today. A final vote by the PUCO could come within 30 days. The SBC-Ameritech merger is expected to be completed by mid-1999.

***SBC Communications Inc.** ([www.sbc.com](http://www.sbc.com)) is a global leader in the telecommunications industry, with more than 37 million access lines and 6.9 million wireless customers across the United States, as well as investments in telecommunications businesses in 11 countries. Under the **Southwestern Bell, Pacific Bell, SNET, Nevada Bell** and **Cellular One** brands, SBC, through its subsidiaries, offers a wide range of innovative services. SBC offers local and long-distance telephone service, wireless communications, data communications, paging, Internet access, and messaging, as well as telecommunications equipment, and directory advertising and publishing. SBC has more than 129,000 employees and its annual revenues rank it in the top 50 among Fortune 500 companies.*

***Ameritech** (NYSE: AIT) serves millions of customers in 50 states and 40 countries. Ameritech provides a full range of communications services including local and long-distance telephone and data, cellular, paging, security, cable TV, Internet and more. One of the world's 100 largest companies, Ameritech ([www.ameritech.com](http://www.ameritech.com)) has 70,500 employees, 1 million shareowners and more than \$30 billion in assets.*

###

## Major Provisions of the Ohio Stipulated Settlement of the SBC-Ameritech Merger

*Below is a description of the major provisions contained in the proposed settlement, which must be approved by the PUCO before becoming effective. These descriptions are intended only to provide a general overview of the provisions, and are not legally binding.*

COMMITMENT	DESCRIPTION
<b>RATES</b>	
1. Freeze Residential Rates	Extend Advantage Ohio capped rates for basic local service until 1/9/2002.
<b>OHIO PRESENCE/JOBS</b>	
2. Maintain Ohio Jobs	At the end of two years post-merger closure, the number of full-time equivalent employees of Ameritech Ohio will not be less than the number that existed either the day the PUCO approves the merger or the day it closes, whichever is greater.
3. Maintain Ohio Headquarters	Maintain Ameritech-Ohio headquarters in Ohio for not less than 5 years post-closure, adequately staffed.
<b>SERVICE/ INFRASTRUCTURE</b>	
4. Capital Investments	Ameritech-Ohio capital expenditures will be \$1.32 billion or more in total over the three full calendar years following closure of the merger.
5. Conduct Service/Subscribership Penetration Study	Complete, within 12 months post-closure, a study on why some households in Ohio do not have telephone service and how to increase subscribership. Provide report to PUCO within 30 days of completion.
6. Maintain USA/Lifeline Program	Maintain low cost telephone service program for lower income customers through 1/9/2002.

7. Increase residential MTSS credits	Within 6 months post-closure and lasting for 2 years, increase by 25% credits to residential and business customers for missed service commitments as described in the Minimum Telephone Service Standards (MTSS).
8. Increase New Entrant Competitor recourse credits	Within 6 months post-closure and lasting for 2 years, increase by 50% the recourse credits due to New Entrant Competitors (NEC) for end user service under MTSS.
9. Service Commitment and Payments	Beginning 6 months post-closure and lasting for 3 years, if overall service quality performance standards are missed in any of three geographic regions in Ohio during a 12 month period, Ameritech will pay consumers and the Consumer Education Fund not more than \$16.7 million per year. Total payments will not exceed \$50 million over 3 years.
<b>COMPETITION</b>	
10. Increase Local Competition	Compete in 4 Ohio markets that Ameritech Ohio does not currently serve—Cincinnati; Lebanon/Mason; Hudson/Twinsburg; and Delaware—for at least 3 years. Begin service within 14 months after closing.
11. Improve Operations Support Systems (OSS)	Study and report on SBC and Ameritech OSS “best practices” and implement improvements within 180 days. Provide additional OSS support for NECs. Maintain NEC service centers and staffing levels for 4 years post-closure.
12. Implement Improved Performance Measurements and Standards	Ameritech-Ohio will implement at least 79 of 105 performance measures and standards/benchmarks that SBC agreed to in Texas within 270 days post-closure or pay \$20 million to competitors and the Community Technology Fund.



13. New Entrant Competitor Dispute Resolution	Commit to a detailed process for resolving disputes with other carriers.
14. Provide Residential Unbundled Loop Discounts	<p>Provide promotional discounts of 10% (urban), 33% (metro) and 44% (rural) on wholesale loops for new residential service to competitors who use their own switching. Provide 4-year signing window, with discounts good for three years after signing. Begin immediately upon the closing of the merger.</p> <p>Signing window ends whenever one of the following occurs:</p> <ul style="list-style-type: none"> <li>• Competitors have obtained 200,000 residential access lines in Ohio</li> <li>• Ameritech achieves approval to provide long distance in Ohio after 3 years and competitors capture 115,000 residential access lines or</li> <li>• 4 years after the merger closes.</li> </ul>
15. Implement the Nation's Highest Resold Residential Service Discounts	<p>For new residential service only, <u>in the first 12 months following PUC approval of the merger</u>, provide a one-year promotional discount of 32% for resold local service (current discount is 21.9%). The second year discount will be 26.6% and 23.4% in the third year. Begin discounts 30 days after formal PUCO approval of the merger, subject to withdrawal if the merger does not close. Discounts last for three years. Signing window ends after three years or if competitors capture 200,000 or more residential access lines in Ohio after the first year.</p>

<b>INCREASED COMPETITION PAYMENTS</b>	
16. Competition Test and Payment	If competitors have not after 4 years post merger captured at least 200,000 residential access lines in Ohio, Ameritech Ohio will be required to pay \$20 million. The payment will not apply if, within 4 years post-closure, Ameritech Ohio has achieved long distance relief from the FCC pursuant to Section 271 of the 1996 Telecom Act or if Section 271 is repealed and Ameritech Ohio has authority to provide long distance service and competitors have more than 115,000 residential lines in Ohio.
<b>CONSUMER BENEFIT/ CHARITABLE CONTRIBUTIONS</b>	
17. Create Consumer Education Fund (CEF)	Within 3 months post-closure, provide \$2.25 million over 3 years to create a CEF.
18. Create Community Technology Fund (CTF)	Within 3 months post-closure, provide \$2.25 million to create a CTF.
19. Fund the Community Computer Center	Provide \$1 million over 3 years to continue this program.
20. Maintain Philanthropic and Community Contributions	Contribute at least \$6 million in Ohio over three years.

EX PARTE OR LATE FILED

Suite 1020  
1401 H Street, N.W.  
Washington, D.C. 20005  
Office 202/326-3821  
Fax 202/326-3826

**Ameritech.**

**RECEIVED**

**FEB 24 1999**

**Lynn Shapiro Starr**  
Vice President  
Regulatory Affairs

February 24, 1999

**FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

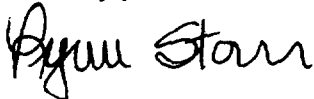
Re: **Ex Parte Statement**  
CC Docket 98-141

Dear Ms. Salas:

Kelly Welsh, Executive Vice President and General Counsel for Ameritech, Jim Smith, Vice President - Regulatory Affairs for Ameritech Ohio, Paul Mancini, General Attorney and Assistant General Counsel for SBC Communications, Inc., and I met today with Tom Krattenmaker, Bill Rogerson and Kathryn Brown. The purpose of the meeting was to provide information regarding the proposed SBC-Ameritech Merger Settlement Agreement in Ohio. The Agreement sets terms for the Ohio Public Utilities Commission to approve the merger.

We also provided copies of the proposed Agreement. A copy is being submitted with this notice in accordance with Commission's Rules.

Sincerely yours,



Lynn S. Starr  
Vice President  
Regulatory Affairs

Attachment

No. of Copies rec'd 012  
List ABCDE



February 18, 1999

EX PARTE OR LATE FILED

Suite 1020  
1401 H Street, N.W.  
Washington, D.C. 20005  
Office 202/326-3821  
Fax 202/326-3826

Lynn Shapiro Starr  
Vice President  
Regulatory Affairs

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RECEIVED**

FEB 18 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Re: **Ex Parte Statement**  
CC Docket 98-141, CC Docket 98-147  
and CC Docket 98-178

Dear Ms. Salas:

On February 16, 1999, Richard Notebaert, Chairman and Chief Executive Officer, Kelly Welsh, Executive Vice President and General Counsel, Barry Allen, Executive Vice President - Regulatory and Wholesale Operations, Gary Lytle, Vice President - Federal Relations, John Lenahan, Associate General Counsel, Ed Wynn, Vice President - Regulatory Policy, and I met with Commissioner Tristani and Paul Gallant, Legal Advisor. We discussed Ameritech's views regarding trends in the telecommunications industry towards serving customers nationally and internationally with a full range of product offerings and explained it is this trend that is driving all of the industry mergers, including that of Ameritech and SBC.

We also advocated the need for an expeditious decision on the pending merger. The attached material was used as part of our discussion.

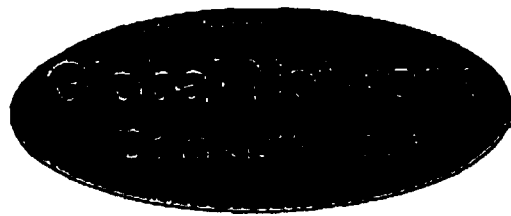
Additionally, we discussed Ameritech's proposal for LATA boundary modifications for its advanced data services subsidiary and our position that a DSLAM should not be classified as a network element. Ameritech expressed concern about the certainty of 271 requirements and discussed its view that AT&T should be required to provide open access to AT&T/TCI's broadband facilities and services.

Sincerely yours,

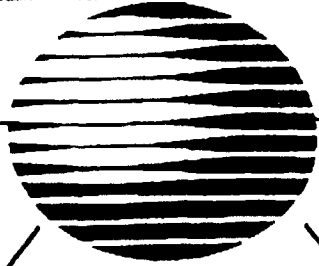
Attachment

cc: Commissioner Tristani  
Paul Gallant

No. of Copies rec'd atb  
List ABCDE



- \$5B acquisition from IBM
- 1M Internet customers
- Dedicated access in 900 cities/100 countries
- Presence in 93 of 100 Concert cities



**AT&T**



- Largest L.D. company
- 100M access lines
- 63% of access lines
- 52% of L.D. revenues



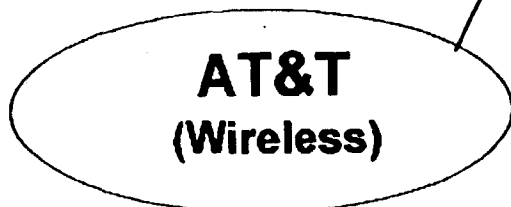
- Largest international alliance
- \$10B AT&T/BT joint venture
- Targets multinational firms
- 100 cities in U.S.+ 237 countries



- 2nd largest U.S. cable TV company
- \$48B acquisition
- 26M direct and indirect cable TV customers
- Goal to reach 60% U.S. households
- @Home Internet access



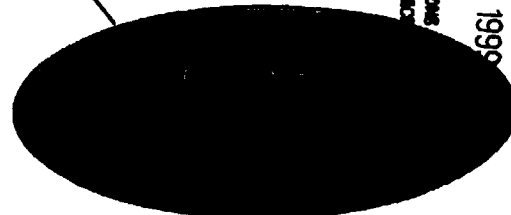
- Largest Alternative Local Access
- \$13B acquisition
- 83 major U.S. markets
- 20M customers



- U.S. Largest National Wireless Provider
- 9M+ customers nationwide
- 89 cities and 225M POPs
- 15% U.S. cellular market
- Covers 93% U.S. by license



- Joint venture announced 2/99
- Largest U.S. cable TV company
- 33 states: 12.6M customers

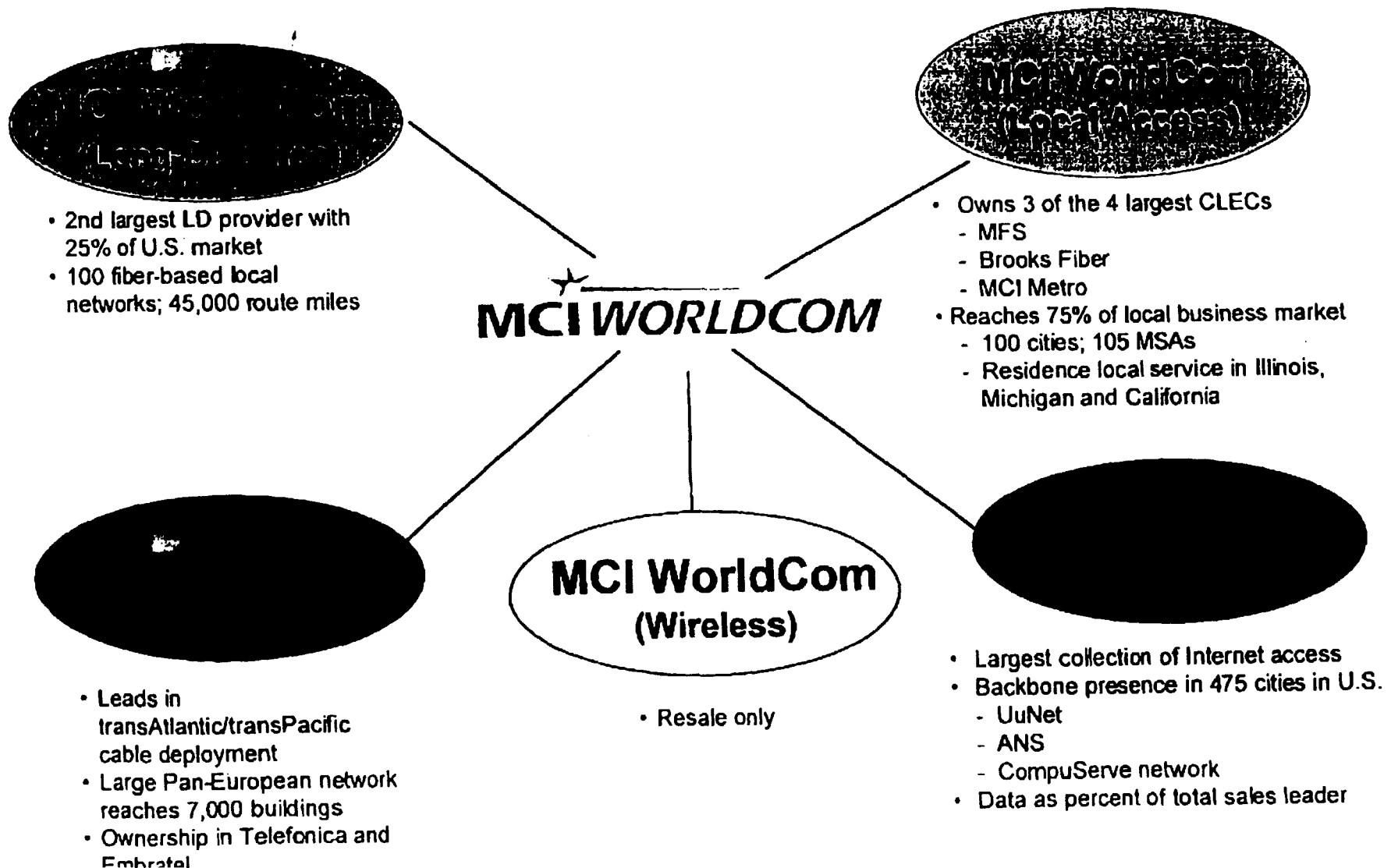


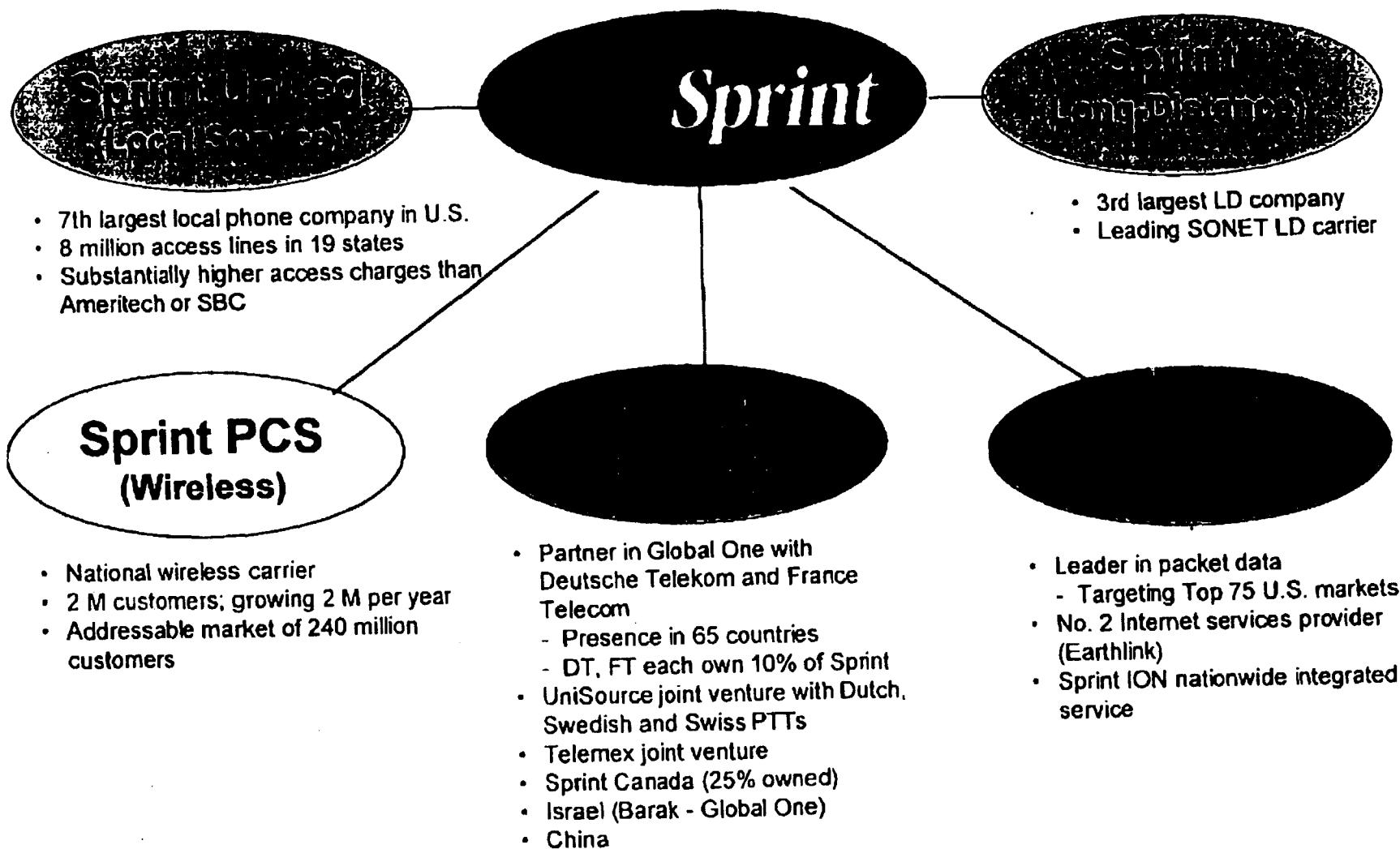
- Largest National Internet Service Provider
- 1.3 M direct customers
- Add 1 M IBM Global Internet customers
- National service footprint

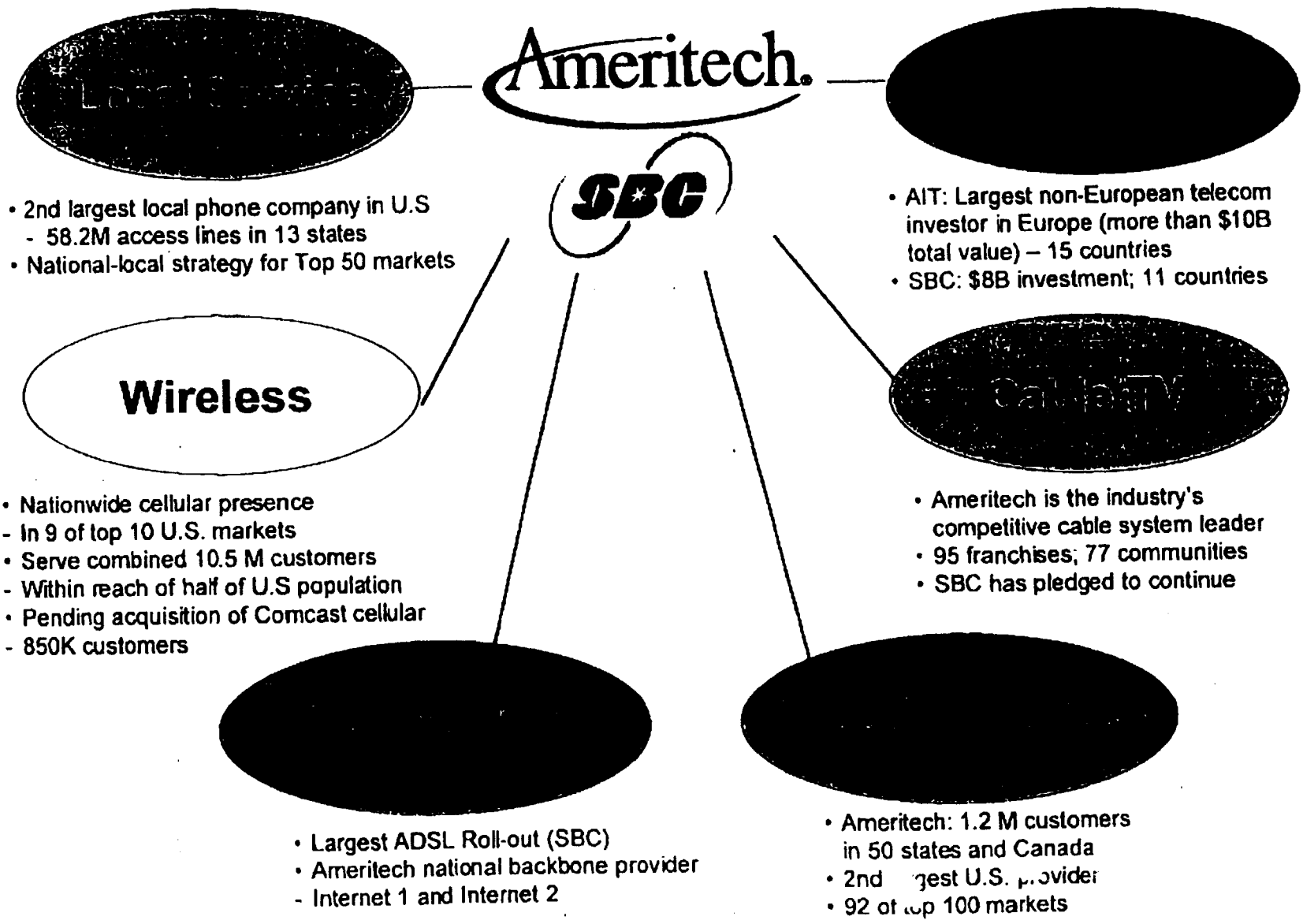
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OFFICE OF THE S.E.C.

FEB 18 1999

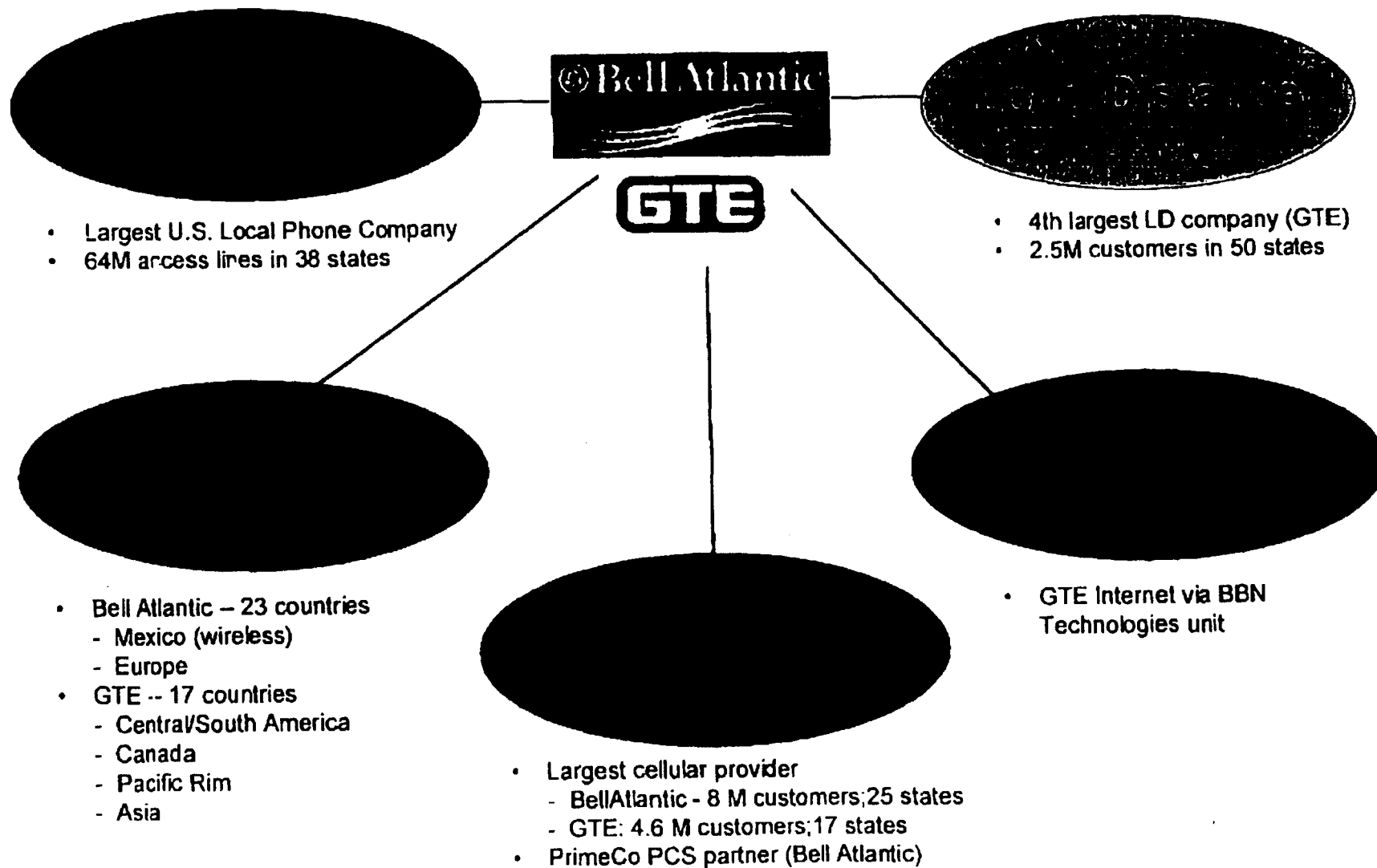
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Suite 1020  
1401 H Street, N.W.  
Washington, D.C. 20005  
Office 202/326-3821  
Fax 202/326-3826

**Lynn Shapiro Starr**  
Vice President  
Regulatory Affairs

EX PARTE OR LATE FILED

February 1, 1999

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FEB 01 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

RE: **Ex Parte Presentation**  
CC Docket 98-141

Dear Ms. Salas:

On January 21, 1999, on behalf of Ameritech, Laura D'Andrea Tyson, Dean, Haas Business School, The University of California at Berkeley, Kelly Welsh, Executive Vice President and General Counsel, and Gary Lytle, Vice President - Federal Relations, met with Tom Krattenmaker and Bill Rogerson in connection with the above-referenced proceeding. They discussed positions reflected in the public record.

In accordance with the Commission's rules, an original and one copy of this notification are being provided. Should any questions arise in connection with this filing, please contact the undersigned.

Sincerely,

cc: T. Krattenmaker  
B. Rogerson

No. of Copies rec'd \_\_\_\_\_  
List A B C D E

**FIL COPY**

**SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP**

1440 NEW YORK AVENUE, N.W.

WASHINGTON, D.C. 20005-2111

TEL: (202) 371-7000

FAX: (202) 393-5760

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2 2-371-7230

January 19, 1999

**BY HAND DELIVERY**

**EX PARTE**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
Portals II  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re Application of SBC Communications, Inc. and  
Ameritech Corporation for Authority To Transfer  
Control of Certain Licenses and Authorizations, CC  
Docket No. 98-141 – Notice of Ex Parte Presentation

Dear Ms. Salas:

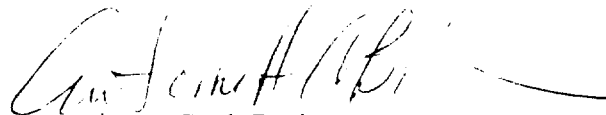
Pursuant to Section 1.1206(b) of the Commission's rules, Ameritech Corporation ("Ameritech") hereby submits this notice of an oral ex parte presentation in the above-referenced permit-but-disclose proceeding. On January 15, 1999, I met with Thomas Power, Legal Advisor to Chairman Kennard, to discuss the proposed SBC/Ameritech merger. Mr. Powers indicated that he believes that the Chairman's primary concern is promoting local competition. In response, I reiterated that the proposed merger will enable the combined SBC/Ameritech to pursue the National-Local Strategy, which will result in numerous pro-competitive effects and substantial benefits for the both current and future customers. I also noted that the merger is essential to ensuring that SBC/Ameritech will be able to compete in both the national and global marketplaces, particularly given the recent mergers/alliances of AT&T/TCG/TCI, Sprint/Deutsche Telecom/France Telecom, and

Ms. Magalie Roman Salas  
January 19, 1999  
Page 2

MCI/WorldCom/MFS/Brooks/UUNet. I further emphasized that obtaining section 271 authorization is a critical aspect of the National-Local Strategy and thus the combined Ameritech/SBC will have increased incentives to ensure open local markets and compliance with the 14-point competitive checklist.

Copies of this Notice of Ex Parte Presentation have been provided to Mr. Power and served on each known party to this proceeding. An original and one copy also have been submitted to the Secretary's Office.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Antoinette Cook Bush", with a long horizontal flourish extending to the right.

Antoinette Cook Bush  
Counsel for Ameritech

cc: Thomas Power, Chairman's Office, FCC  
Lynn Starr, Ameritech  
Richard Hetke, Ameritech

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

1440 NEW YORK AVENUE, N.W.  
WASHINGTON, D.C. 20005-2111

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DEC 17 1998

December 17, 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**BY HAND DELIVERY**

**EX PARTE**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

Re: Application of SBC Communications, Inc. and Ameritech Corporation  
for Authority to Transfer Control of Certain Licenses and Authorizations,  
CC Docket No. 98-141 -- Notice of Ex Parte Presentation

Dear Ms. Salas:


Pursuant to Section 1.1206 of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), Ameritech Corporation ("Ameritech") hereby submits this notice of an ex parte presentation in the above-referenced permit-but-disclose proceeding. On December 15, 1998, Kelly Welsh and Gary Lytle of Ameritech and Antoinette Cook Bush of Skadden, Arps, Slate, Meagher & Flom LLP met with Thomas Krattenmaker of the Office of Plans and Policy.

Mr. Welsh summarized the reasons Ameritech entered into the merger agreement with SBC set forth in the above-referenced application. Mr. Welsh also summarized the changes that have occurred in the national and global telecommunications market since SBC announced its merger, as set forth in the Joint Opposition to Petitions to Deny and Reply to Comments submitted by SBC and Ameritech. Mr. Krattenmaker inquired about the benefits of the merger and Mr. Welsh reiterated the benefits set forth in the above-mentioned filings.

Ms. Magalie Roman Salas  
December 17, 1998  
Page 2

Copies of this Notice of Ex Parte Presentation have been provided to the above-referenced persons and served on each known party to this proceeding. An original and one copy have also been submitted to the Secretary's office.

Respectfully submitted,



Antoinette Cook Bush  
Counsel for Ameritech

cc: Thomas Krattenmaker, Office of Plans and Policy  
Radhika Karmarker, Common Carrier Bureau  
Kelly Welsh, Ameritech  
Gary Lytle, Ameritech